edc today

SUMMER/FALL 1993

Thailand, Indonesia and Malaysia: Flourishing economies in Southeast Asia

Canada's amended Export Development Act makes an impact

Canadian exporters get FITT

EDC
SEE

The impact of Canada's amended *Export Development Act*

Exports are the key driving force behind the Canadian economy, and their continued growth will be a critical factor in ensuring Canadian prosperity. Recognizing this, EDC recommended to the Government of Canada several key changes to the *Export Development Act*. On June 10, 1993, amendments to the Act received Royal Assent, broadening EDC's mandate.

What does an amended *Export Development Act* mean for Canadian business? The Act is broadly cast to provide the flexible service EDC customers need to remain competitive in foreign markets.

The amended Act is a testimony to the partnership between EDC and its customers -- a partnership that is key to Canada's continued competitiveness in world markets. Through intensive customer research, EDC was able to refine the proposed amendments so that they reflected what the customer viewed as important.

Our customers told us they wanted EDC to be flexible and more responsive to their needs. Under the revised Act, EDC can shape its products to suit our customers' needs, rather than the reverse. We can now provide our customers with the types of financial solutions that are already accessible to their competitors.

EDC is now positioned to meet the financial support already available internationally to other supplier nations. For example, it extends EDC's capacity to support the up-front capital costs directly related to a long-term export contract.

Through EDC's ability to provide domestic as well as export credits insurance, Canadian companies will be able to insure all of their receivables in order to build the strong base they need to compete internationally. As well, EDC's ability to take an equity interest in projects will help to influence Canadian procurement through international financial institutions.

Because of the relatively broad nature of the mandate accorded to EDC, it was recognized that the Corporation's enhanced authorities would require some form of government regulation. Specific regulations will shortly be in place for transactions involving domestic insurance and guarantees, domestic financing, leasing services and equity acquisitions.

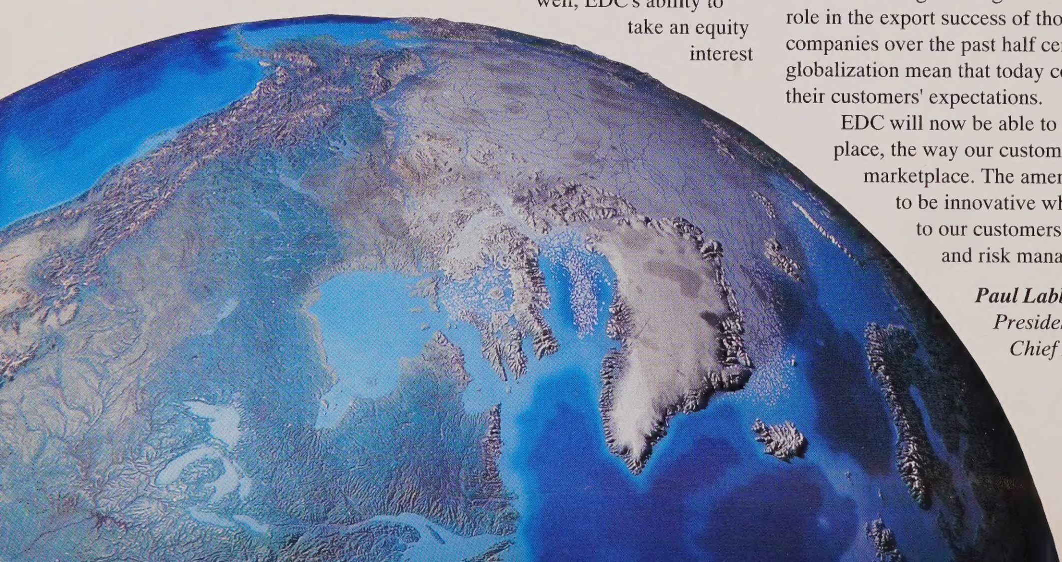
The amended Act will allow EDC to be innovative when considering solutions to our customers' international financing and risk management needs.

Input about how best to regulate these new areas was solicited from interested parties, such as the federal government inter-departmental community, the insurance and banking industry and EDC's customers. It has been agreed that the critical new products and services falling out of the amendments will only be offered after the regulations are in place. As well, EDC will continue to assess every transaction on its own merits in a prudent manner.

The reality of globalization is forcing companies to re-examine how they do business. Meeting customers' needs is no longer enough. EDC has played a valued role in the export success of thousands of Canadian companies over the past half century, but the forces of globalization mean that today companies must *exceed* their customers' expectations.

EDC will now be able to move with the marketplace, the way our customers must move with the marketplace. The amended Act will allow EDC to be innovative when considering solutions to our customers' international financing and risk management needs.

Paul Labbé
President and
Chief Executive Officer



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Editor
Lynn Gauker

Associate editor
Catherine Lynch

Circulation
Patricia Cameron

Desktop designer
Deborah Chapman

Creative direction
Mantle & Overall Communications

Contributors
Peter Bailey, Brenda Brown, Robert Forbes, Barbara Grinfeld, Marvin Hough, Ray Johnson, Christine Karlsen, Kathryn Nelson, Chris Nguyen, Gerry O'Brien, Daniel Primeau, Agatha Ronald, Dan Ross, Sylvie Rouleau, Dan Turner, Jayne Watson

Translation
edc today is translated into French (as *actualités de la see*), under the direction of Oriane Boucher.

Manager, Corporate Communications
Andrew Douglas

Advisory board
Don Curtis, Peter Foran, Ian Gillespie, Louise Landry, Clare Marshall, Mike McLean, Jim Olts

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Export Development Corporation
151 O'Connor Street
Ottawa, Canada K1A 1K3
Tel: (613) 598-2500
Fax: (613) 237-2690

Cover
Mantle & Overall Communications

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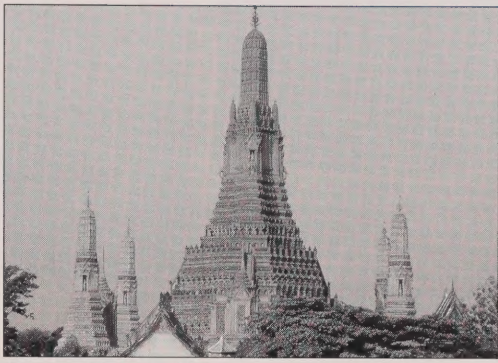
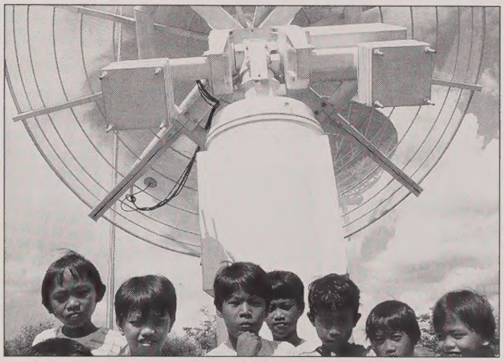


COMSTOCK — S. Vidler

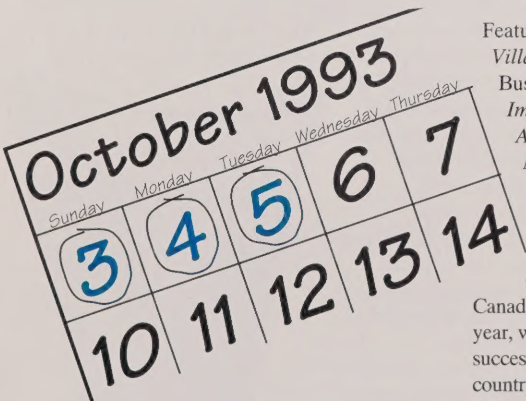
11 ***Thailand's global trade has nearly quadrupled in the past decade.***



15 ***MacDonald Dettwiler's ground station benefits Indonesia.***

Gearing up for the CEA's 50th Annual Exporters' Convention

Hope you have marked your calendars by now for the Canadian Exporters' Association's 50th Annual Exporters' Convention, running October 3-5, 1993 at Hotel Vancouver.



Featuring the theme, *Winning Markets in the Global Village*, the convention's agenda is sure to please. Business sessions will focus on the *Competitive Imperative*, the *Multilateral and Regional Trade Agreements, NAFTA and the Latin American Market, The Tigers and Beyond, Invisible Exports, Educating for Exports*, and *Export Financing*. For more details, call Micheline Bélanger at (613) 238-8888, ext. 225.

One of the highlights of the convention will be the Canada Export Awards, which, for the 11th consecutive year, will recognize Canadian companies for their export success. EDC has nominated 59 companies from across the country for these awards. EDC will also play an active role at the convention by hosting the awards reception, participating in plenaries and discussion panels, and staffing an information booth. See you there!

Supporting *rising* technology sales

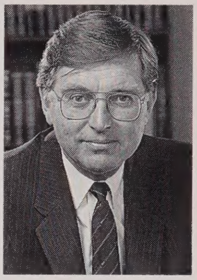
EDC recently established a US$3 million line of credit (LOC) with American Yeast Sales Corporation, located in Derry, New Hampshire. (American Yeast Sales is a subsidiary of Lallemand Inc. of Montreal.)

The LOC will provide financing support for American Yeast Sales' investment in Liquid Yeast Distribution Systems technology, exported by Inox-Tech Inc. of Ste-Catherine, Quebec. Lallemand Inc. and its subsidiaries, located in seven countries, manufacture and distribute yeast and related products to large commercial bakeries and wine-making operations around the world. Inox-Tech Inc. and Lallemand Inc. originally perfected the yeast distribution system technology in Canada before teaming up to tackle the U.S. market.

Appearing in photo, back row, from left: John Pallascio, EDC Senior Legal Counsel; Jim Brockbank, General Manager, EDC's Americas Division; Ken Hamp, Manager, EDC's U.S.A. and Caribbean Dept.; Guy Dostie, Vice-President, Inox-Tech Inc.; and Robert Forbes, Financing Services Officer, EDC's U.S.A. and Caribbean Dept. Front row: Rejean Landry, Vice-President, Finance-Administration, Lallemand Inc. and Arthur R. Hofmann, Jr., Legal Counsel for American Yeast Sales Corporation.

To date, three allocations of financing have been completed under the line of credit.

Minister for International Trade appointed



Tom Hockin

The Honourable Tom Hockin, P.C., M.P., is Canada's Minister for International Trade, replacing Michael Wilson.

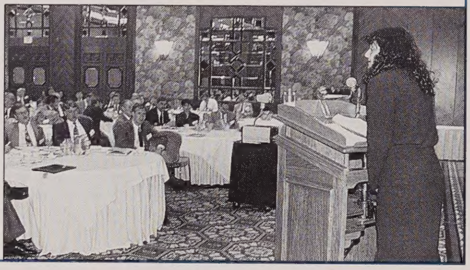
Dr. Hockin, from London, Ontario, has held three cabinet posts since he was first elected to the House of Commons in 1984. As Minister for International Trade, he will help promote the expansion of Canada's export trade and commerce, improve access of Canadian goods and services to external markets, and foster trade relations with other countries.

"Working with Canada's exporters as they seek out opportunities in a rapidly evolving marketplace is one of the challenges I look forward to in my new role," said Minister Hockin. EDC reports to Parliament through the Minister for International Trade.

"Country Risk" workshops draw record crowds

The spring 1993 round of EDC's "Country Risk" workshops drew a record number of exporters from across the country. Many of the participants said the workshops "exceeded expectations," and said they would recommend the workshop to a colleague.

Shown in photo is EDC's Chief Economist, Nawal Kamel, addressing exporters in Vancouver on *The Global Economy and Canadian Exporters.*



Reinsurance Agreement opens export doors

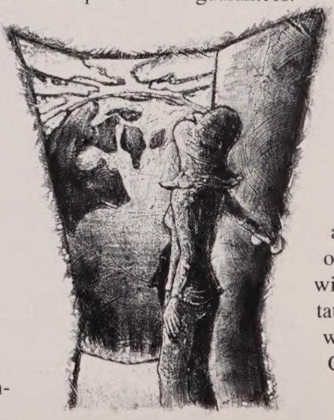
Canadian exporters requiring surety support could gain increased capacity, following a Reinsurance Agreement signed between EDC and the New York-based American International Group, Inc. (AIG).

In many international transactions — particularly projects or construction works — the buyer requires the exporter to post security, guaranteeing that the exporter will perform satisfactorily; that is, live up to the terms of the bid or contract. In North America, this security is usually provided in the form of a bond issued on behalf of the exporter by a domestic surety company.

The Reinsurance Agreement, signed in New York, will allow EDC and AIG to provide reinsurance for a portion of each other's risks on surety bonds issued in respect of Canadian export contracts.

This new relationship will expand EDC's ability to support the issuance of surety bonds into new markets, on behalf of Canadian exporters. The relationship will facilitate the underwriting of surety business for AIG's established or potential Canadian clients requiring additional reinsurance capacity for their export transactions. The Agreement is also expected to expand opportunities for Canadian exporters to use surety instruments.

The United States' largest underwriter of commercial and industrial coverage, AIG underwrites a variety of bonds, including contract surety, fidelity and miscellaneous guarantees.



AIG has local surety companies and agents in more than 130 countries, including China where, in 1992, AIG's American International Assurance Company received the first insurance licence granted to a foreign-owned insurance organization. By associating with AIG, EDC hopes to facilitate access to AIG's worldwide surety network for Canadian exporters.

Bank on it: Improved cover for bulk agriculture goods

To improve cover for bulk agriculture commodities sold on Irrevocable Letter of Credit (ILC) terms, EDC recently combined two of its policies: Bulk Agriculture Insurance and Documentary Credit Insurance. Now Canadian banks can cover bulk agriculture ILCs under their Documentary Credits Insurance Policy endorsed for bulk agriculture commodities, rather than dealing with two separate policies.

EDC's ultimate client for bulk agriculture goods continues to be the agriculture exporter. While EDC's primary goal remains the same — to ensure that the needs of this exporter are being met — the trend has shifted away from exporters using their own policies, to cover being provided directly to banks under a bank-held policy. (However, exporters still use their policies for sovereign buyer sales and to obtain preshipment cover under bulk agriculture programs.)

In 1992, for instance, 96 percent of Canadian bulk agriculture business was insured under bank-held bulk agriculture policies. Since the bulk agriculture policies were originally drafted for use by exporters, it was time to change the wording to reflect the policyholder as being a bank, not an exporter.

At the suggestion of the Trade Finance Committee of the Canadian Bankers' Association, a working group was established in January 1993 with representatives from three commercial banks and EDC. The group's objective: to create an insurance document that would satisfy the requirements of Canadian banks taking on bulk agriculture ILC risk. At the same time, the group had to ensure that the benefits enjoyed by bulk agriculture exporters were not lost.

The answer: amend EDC's Documentary Credits Insurance Policy (DCIP), which was designed specifically for banks insuring ILC transactions. An endorsement was drafted which provided banks with up to 100 percent cover for political risks, and up to 95 percent cover for commercial risks (for ILCs that supported bulk agriculture sales with 100 percent Canadian content).

The policy amendment, combined with the existing DCIP advantages not available under the Bulk Agriculture Credits Insurance Policy — particularly coverage for the confirmation period — has resulted in a product that meets the needs of Canadian banks. At the same time, the cover has been improved, so that the Canadian bulk agriculture exporter ultimately benefits.

***Christine Karlsen**, Senior Underwriter Agriculture & Documentary Credits*

EDC Press Box – Summer 1993

Source: EDC Communiqués

Exporter	Buyer	Product	(in thousands $) Amount
ABB Industrial Drying, LaSalle	Cellox Paper Co., Ltd., Bangkok	Yankee Hood and process air system	US$440
Aquaflex Systems, Inc., Boucherville	La Universal Impresora, S.A. de C.V.,Mexico	Flexographic label printing and die cutting press	US$221
BCA Industrial Controls Limited, Surrey	China National Instruments Import and Export Corporation	Equipment and related services to upgrade and automate existing water treatment plants	US$5,900
Bovar Engineered Products, Calgary	India Oil Corporation Limited	Analytical instrumentation for sulphur recovery units	Cdn$175
B.S.L. Machine Ltd., Edmonton	Tulacero, S.A. de C.V., Mexico	Flying pipe cut off machine	US$262
Canadian Bank Note Company Limited (CBN), Ottawa	National Bank of Ukraine	Support in continuing the printing of Ukraine currency	US$8,500
Ceeco Machinery Manufacturing Limited, Concord	Bank of China	Equipment and related services for cable manufacturing	US$2,100
Feed-Rite Ltd., Winnipeg	Shanghai Foreign Trade Corporation,China	Feed premix plant, egg processing equipment and related services	Cdn$2,000
General Electric Canada Inc., Peterborough	Cementos Tolteca, Mexico	DC electric motors, related spare parts and services	US$1,441
GH Bettis Ltd., Edmonton	PEMEX, Mexico	Gas hydraulic operators	US$281
Harris Farinon Canada. Inc., Dorval	Post and Telecommunications Authorities (PTA),China	Telecommunications equipment and services related	US$17,000
Ingersoll-Rand Canada Inc., Montreal	Oil India Limited	Pipeline pumps and accessories	Cdn$1,170
Joe Ng Engineering Limited (JNG), Hamilton	China National Technical Import and Export Corporation	Equipment and related services for a coal gasification plant	US$5,000
Joe Ng Engineering Limited (JNG), Hamilton	Beijing World Trade Corporation, China	Natural gas transmission and distribution system	US$4,500
Newbridge Networks Corporation, Kanata	Bank of China	Equipment and related services for an intelligent networking system	US$5,000
Northern Telecom Canada Limited, Mississauga	Bank of China	Digital switching systems	US$35,000
Nowsco Well Services, Calgary	Oil and Natural Gas Commission (ONGC), India	Oilwell equipment	US$1,000
R&J Engineering Corporation, Kitchener	China National Pharmaceutical Import and Export Corporation	State-of-the-art hard gelatin capsule machinery and related equipment	US$3,424
Site Oil Tools Inc., Calgary	Oil and Natural Gas Commission (ONGC), India	Design, engineering and manufacture of downhole oil and gas well production tools	Cdn$375
Stelco Technical Services Limited, Burlington	APM, S.A. de C.V., Mexico	Coilbox technology transfer/licensing package	US$977
Sulzer Escher Wyss Hydro, Lachine	China National Technical Import and Export Corporation	Bulb-type turbine generating units and related services	US$15,200
Upsilon Estate International Inc., Brossard	Hai Nan Huan Dao Hotel Co. Ltd., China	Construction of a hotel in Hainan Province	US$9,280

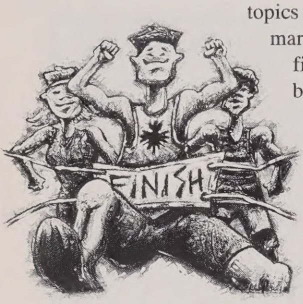
Getting FITT

An innovative training program promises to provide Canadian exporters with the edge they need to do business in an increasingly competitive marketplace.

"Canada lags far behind other countries when it comes to providing export skills training," says Alf Chaiton, Executive Director, Forum for International Trade Training (FITT). "We needed to develop national standards and an accreditation program that could help Canadian exporters build on the practical skills they already have, to better compete in today's complex international trade environment."

Thus, the FITT program was established in March 1992 by eight major business and labour associations, led by the Canadian Chamber of Commerce.

Phase 1 of the FITT program consists of four core 45-hour modules covering such topics as international marketing and finance. Training began in January 1993, and was offered in six locations: Vancouver, Edmonton, Regina, Toronto, Ottawa and Montreal. Training was extended to another nine locations for September 1993.



The pilot for Phase 2, which will build on the skills developed during Phase 1, is tentatively scheduled for this January.

Two other types of training sessions will be offered this fall: the Trade FITT program for new exporters, and Geo FITT (how to do business in various countries), which will focus on Mexico.

"We're targeting people who already work in the industry, so that we can help them to upgrade and enhance their skills," Chaiton says. "We've designed the FITT programs so that they meet exporters' needs to be current, to be better able to assess the capabilities of their organization, and to succesfully develop international business plans and priorities."

EDC played a key role in the development of the program by reviewing and commenting on FITT course materials. As well, EDC Account Manager Ray Johnson (Vancouver) was one of the instructors of the pilot, and EDC Manager Doug Gyles (Winnipeg) was asked to speak about the company's products and services.

Dale Harvey of the British Columbia Institute for Studies in International Trade has delivered two courses based on the materials outlined by FITT. "In Canada there is a real need to develop people who understand the technology of exporting — those who can, for example, set price lists and properly fill out the necessary paperwork, such as bills of lading," says Harvey, who is executive director of the Institute.

Patricia Blanchard, a partner in Chateau Conservatories — a B.C.-based company that manufactures solariums, conservatories and cold frames (small green houses) — says her business has taken off since she took the course.

"We wanted to sell to Japan and planned on spending a lot of time and money to develop our own markets," says Blanchard. "I learned in the course that I could spread our risk and save money by piggybacking on companies that already had Japanese contacts, business and distribution networks."

For more information on FITT, write to the Forum for International Trade Training, 1160-55 Metcalfe St., Ottawa, Ont., Canada K1P 6N4, Tel.: (613) 230-3553, Fax: (613) 230-6808.

Brenda Brown

Innovative technology = speedier credit risk analysis

How do you cut by more than 50 percent your response time to a policyholder's request for credit risk information, while doubling your business volume? (Hint: Increasing your staff is not an option.)

Answer: Invest in innovative technology, says EDC's Kevin Harris, Senior Underwriter, Short Term Insurance. "In the past, we only had hard-copy files on our customers' more than 10,000 buyers," says Harris. "To assess the credit risk of a potential buyer took us 11 days, on average.

"Today, more than 90 percent of our customers' requests are handled within two to four working days, and priority requests can be responded to on the same day that they are received," he points out. "Our reduced response time is the result of an online credit administration system that gives every underwriter access to buyer information from their office computer."

Detailed buyer information

EDC's database for credit risk analysis includes such detailed buyer information as credit history, payment records, financial figures, and background on each company's principal officers.

This credit administration system is just one of the many on-line systems developed by EDC to help it provide better customer service, says John Hutchison, EDC's Chief Underwriter, Short Term Insurance.

"We're working toward integrating all of our systems, so that we can provide a better level of support to our customers," says Hutchison. "Integration will ensure, for example, that our customers don't have to

(Continued on page 7)

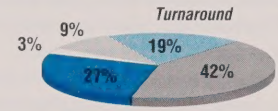
The survey results are in...

EDC's recent Customer Satisfaction Survey revealed far more than just your current level of satisfaction with us (which was 8.3 on a 10-point scale). We also learned a great deal about what you need and expect from us.

The Customer Satisfaction Survey is an annual survey of a cross-section of our exporting customers. The results give EDC an up-to-date indication of how our products and services measure up, from your perspective. Angus Reid researchers, on behalf of EDC, spoke to 600 of you about what is important to you when doing business with EDC, and what areas you feel require improvement. You also gave us some comments and suggestions about our products and services. We have learned that you need:

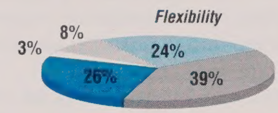
Reliability

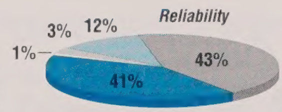
You told us that consistency in the quality of EDC's products and services is most important to you when doing business with us. You found EDC to be reliable and gave us high marks in this area.



Flexibility and customization

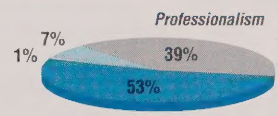
You want customized risk management products to meet your export needs. While you consider our products to be fairly flexible, you also want EDC to be more creative and to show empathy by taking the time and effort to truly understand your business and competitive pressures. You treat us as a partner in risk management and risk sharing, and many of you told us that you would pay for the higher risk you want EDC to assume.





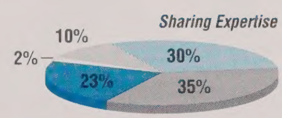
Responsiveness and turnaround time

You noticed a big improvement in EDC's turnaround time. Nevertheless, you would like us to respond even faster to your requests for information and for financing and insurance support.



Sharing expertise

Many of you see EDC as a source of information on country and credit risk. You value the professionalism and knowledge of our staff and appreciate EDC sharing its expertise with you.



Communications

You would like us to keep you better informed of our products and services, our position in different markets, changes in our policies, and progress on specific transactions. You would also like to be notified more promptly of changes made to your EDC contacts and to our product offerings.

Going forward together

EDC is committed to helping you compete in the global marketplace. Each of the above performance-related issues has been thoroughly reviewed, analyzed and discussed by EDC's management team.

The recent amendments to EDC's legislation show our commitment to greater flexibility in developing creative solutions to meet your financing and risk management needs. In addition, we are in the process of streamlining a number of processes to improve communications and turnaround time.

To gauge whether we are better meeting your needs, we will continuously talk and listen to you. While we cannot promise dramatic changes overnight, we hope the results of our efforts will be visible to you in the near future. We look forward to your continued partnership with us — to going forward together.

** Results are accurate within + or – 4 percentage points 19 times out of 20.*

(Continued from page 6)

give us the same information each time they are working on a new project or with a new department."

The next stage in the automation process is to have computers handle some of the more routine decisions, so that EDC staff can focus on providing more added value to customers, says Hutchison.

"We're developing a decision-support model that will allow the computer to make simple decisions on buyer credit approvals, for example," he says. "This will allow our underwriters to concentrate on making the more difficult or risky decisions." The model is expected to be piloted by the end of 1993.

Flexibility the key

According to EDC's Manager of Applications Services, Ed Simac, flexibility is the key to the systems under development.

"We are not a static company, and we are not in a static business," he says. "We have to give our people the tools they need to respond as quickly as possible to our customers' demands for new, customized products."

Simac says the Corporation's computer systems are also being designed to shortly allow exporters on-line access to certain types of information. EDC's intent is to enable policyholders to tap into the Corporation's computer network and find out immediately if they can get credit approval for certain buyers.

EDC is also tapping into databases around the world, to ensure it has the most current credit and buyer information available, adds EDC's Sheldon Weatherstone, Senior Credit & Financial Analyst.

"We're the first Canadian company to link up to Dun & Bradstreet's Dunslink system," he says. "Now all it takes is a simple keystroke to download into our computer system all of the credit and financial information we need on any given American company. This saves us and our customers both time and money."

Brenda Brown

- Very satisfied
- Somewhat satisfied
- Neutral
- Somewhat dissatisfied
- Very dissatisfied

Improve your cash flow and business potential with EDC's credit insurance

While the ultimate purpose of any insurance policy is to indemnify you against a loss, EDC's Credit Insurance Policy offers you other benefits as well.

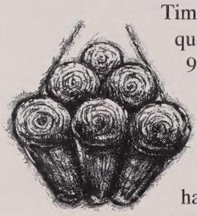
Financial institutions are often hesitant to accept foreign account receivables as security either on operating lines of credit or other business-related loans. Having an EDC Credit Insurance Policy that covers your foreign receivables could determine whether your financial institution accepts or discounts your foreign receivables.

With an EDC policy, not only are you obtaining one of the most comprehensive trade-credit insurance plans available on today's market — you could also be improving your organization's cash flow and business potential.

However, probably the most important reason for taking an EDC Credit Insurance Policy *is* the indemnity factor.

Ask David Cooper at FMG Timberjack Inc. in Woodstock, Ontario. Timberjack is a leading, world-class manufacturer of forestry equipment and has been an EDC policyholder for more than 25 years. Earlier this year, one of Timberjack's long-time and major European distributors was, sadly, forced into bankruptcy.

Working with Donna Dugdale, Timberjack's EDC Claims and Recoveries contact, the company managed to salvage part of the debt by diverting a current shipment of equipment to other European buyers.

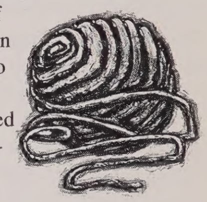


Timberjack was subsequently indemnified for 90 percent of the balance of their loss.

Following the claim payment, Timberjack and EDC have continued to work together on this case. Despite the bankruptcy, we are confident of further debt recoveries.

Or ask Martin Haig, Credit Manager, Dominion Yarn Co., Division of Dominion Textile Inc., in Montreal. Dominion Yarn is a major supplier of natural and synthetic yarns, both natural and dyed, to the textile industry worldwide.

EDC's Credit Insurance Policy has been helpful to Dominion Yarn since the international clothing industry has been particularly hard hit by the global recession. Over the past two years, several of Dominion Yarn's long-time foreign buyers have either been forced into bankruptcy (through reorganizations or liquidations) or experienced serious cash flow problems, resulting in non-payment on receivables.



Monique Carrière, Dominion Yarn's EDC Claims and Recoveries contact, has helped the company mitigate losses on some cases, promptly paid the claims for the balances of the losses on others, and assisted in the post-claim payment recovery efforts.

Remember: Early contact between your company and EDC's Claims and Recoveries Department can often affect your recovery potential on a loss.

Dan Ross
Claims Officer

Note: EDC maintains confidentiality of information received from and about its clients. Each case presented here has been approved by the client for use in the article.

Claims paid January 1 to July 31, 1993

Companies	Claims	Cdn Total
162	258	$17,944,250

Export markets	
Africa	0
Asia and Middle East	13
Caribbean and Latin America	26
Europe	20
U.S.A.	199
Risks	
Default	168
Insolvency	60
Call of bond	2
Repudiation	2
Political and transfer	26
Payments	
Under $5,000	94
Between $5,000 and $100,000	129
Between $100,000 and $1 million	30
Over $1 million	5

As at July 31, 1992, 212 claims were paid, totalling Cdn$9,321,466.

The answ[illegible]ne later

The trouble with lending, [illegible] that a decision has to be made now, and it involves money.

The similarity between int[illegible]g and betting on racehorses nee[illegible]y. Horses have characters and pers[illegible]sical characteristics, a track record — all ar[illegible]ecorded for the dedicated to study before lay[illegible]ust like countries.

But imagine having to plac[illegible] a horse's performance over the next 5, 10, 1[illegible] years. When you are looking at foreign borrowers, [illegible]pot of number-crunching is a good start if there are numbers worth crunching, but it only takes you so far. Major events lie in wait to turn yesterday's numbers into historical curiosities. Or the range of uncertainty about future developments may be broad enough to make bankers cry. Because the trouble with lending, like betting, is that a decision has to be made now, and it involves money.

Countries then and now

Look back, if you dare, to the mid-1980s. A sampler. The U.S.S.R. — a huge, centrally controlled economy and a superpower — was a fully acceptable risk. Iraq — a major oil exporter which used to pay for hydro projects in cash — was in the middle of its eight-year war with Iran but did not let that cramp its spending — or its borrowing. Algeria, another major oil exporter, was in good shape with a manageable debt and a high level of investment. They looked so good that France, for example, recently had its largest export credit exposure in those three countries.

The Soviet bloc in general was creditworthy, apart from Poland, whose external debt was larger than the U.S.S.R's. East Germany was ranked as the 10th largest industrial country in the world — the kind of quantitative measurement beloved by pure economists. (Gorbachev wouldn't last 24 hours if he let it go, said the Kremlin watchers.) Yugoslavia's balance of payments and debt position were coping reasonably well, despite some economic problems and the usual ethnic tensions. Argentina had sunk without trace in the sea of international debt.

Then, in 1986, the world oil price fell by half, wrecking several balance of payments projections. Algeria developed debt problems. Later, the Soviet bloc was unveiled as the Russian Empire and discovered national independence, democracy, capitalism and bankruptcy. Iraq showed how to go from wealth to insolvency to ruin in 10 years. Argentina thought its new president was a Peronist but fortunately was wrong — his policies have given the economy a new lease on life.

Today, we are optimistic about China's economic future, betting that political democracy will evolve there peacefully. We have put some bets on the endurance of Argentina's new economic policies, which have made its private sector a safer place for foreign creditors. And a few more bets on Morocco, whose economic reforms since 1985 are bearing fruit.

But which way will the South African economy go in the coming years — up or down? Can the Brazilian private sector retain some international creditworthiness despite the political uncertainties in that country? Can Algeria avoid debt rescheduling?

How will Mexico's deficit in trade and invisibles be stabilized, if NAFTA doesn't make it through Congress? How quickly will Iran be able to regain its loss of control over its balance of payments and short-term debt? What weight should international creditors give to the rise of Islamic fundamentalism in a few well-known countries?

No, the answers are not upside-down at the back of the magazine. But we still have to make a decision today. Place your bets, please.

***Peter Bailey**, Assistant Chief Economist*

Thailand, Indonesia and Malaysia: Flourishing economies in Southeast Asia

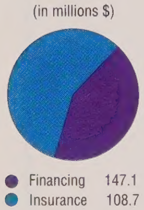
As these three countries continue to privatize and deregulate their marketplaces, Canadians are well-placed for an array of new business opportunities and challenges in the region.

The Asia-Pacific Region as a whole has the largest market growth potential in the world. At present, total spending in the region is estimated to account for 10 percent of the world total — and it is growing dramatically. Between 1988 and 1993 alone, domestic market demand in the region expanded by more than 40 percent.

The Gross Domestic Product (GDP) of Southeast Asia's high-growth countries, which has grown at a steady 6.8 percent annually for the last five years, has closely paralleled the growth of the larger Asia-Pacific Region.

Through a gradual maturing and liberalization process, Thailand, Indonesia and Malaysia have developed into high-growth economies, offering considerable opportunities for Canadian exporters and investors. To sweeten the pot, the legal framework, accounting and credit standards, and financial systems of these countries are moving closer to Western standards.

EDC business in Thailand, Indonesia & Malaysia
(in millions $)



However, all this good news has not turned these three countries into markets which are easily penetrated. If anything, the challenges in transacting business in these exciting markets have become more complex — and the need for a consistent, long-term marketing strategy is paramount for Canadians.

The governments of Thailand, Indonesia and Malaysia have come under intense pressure to privatize, deregulate and decentralize; and, to varying degrees, they have responded. Each country has recognized that it needs to adapt to the globalization process — not only through increased privatization, but also through a much greater openness to foreign investment, and through increased exports.

There are now many private as well as public hands at the levers of control in all three of these countries, with a greater variety of strategies, styles and resources behind them. (The good news here is that quicker decisions driven by competitive realities are emerging.) While the changing economic power bases in these countries offer tremendous promise, these changes also present exporters with major new challenges.

Of course, a major implication is that Canadian companies must now focus on building relationships with the private sector and banks, in addition to governments. This is no easy task and involves frequent visits, local presence and interaction with trade and business councils (see page 17).

Dealing with the private sector also means facing challenges in assessing credit and responding to increasingly diverse needs, as these companies become the motor of growth in these economies.

The challenges in transacting business in these exciting markets have become more complex — and the need for a consistent, long-term marketing strategy is paramount.

Canadian companies pursuing large infrastructure contracts will be encouraged by the fact that the region's rapid economic growth means more pressure on infrastructural capacity. As private sector involvement in these projects increases, there will also be a need to develop new ways of structuring transactions and new ways of financing them.

Infrastructural projects have historically comprised a significant share of EDC's financing support for transactions in Southeast Asia. This can be expected to continue, although the structure and nature of EDC's financing packages can also be expected to change in response to market demands.

General sectors of opportunity within the region include certain traditional standbys, such as power, transportation, forest industries, oil and gas, and agriculture. But more and more opportunities are presenting themselves in the communications, advanced technology, and environmental equipment and services sectors.

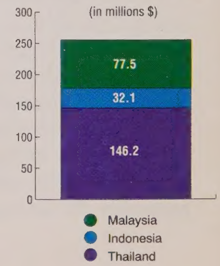
Opportunities aside, Malaysia, Indonesia and especially Thailand are societies that place a premium on patience, civility and decorum. Building successful business in these countries will require attention to local customs and the development of strong personal relationships.

Dealing with these countries will therefore not always be easy, warns Ray Martinuzzi, a Senior Financing Services Officer for EDC's South Asia Department.

"If you're thinking about adding Bangkok, Kuala Lumpur and Jakarta to your plane ticket, to reap added value from an Asian trip, make sure you've done your homework," he says. "You have to arrive with a good idea of local capabilities and personalities and factor this into your approach. You also have to be sure that your company is willing to invest a lot of time and effort and is prepared for a long-term return on investment."

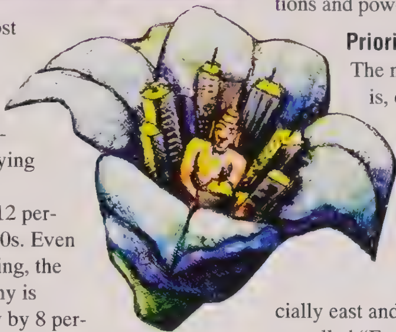
The reality is, of course, that the market is in sharp contrast to the slow-growth economy at home, and it can be worthwhile targeting if you're prepared. Thailand, Indonesia and Malaysia — despite a slight cooling in investment growth after several years of boom — continue to anticipate vigorous expansion for the medium term, and continue to offer significant growth opportunities which are ideally suited for Canadian exporters.

EDC activity in Thailand, Indonesia & Malaysia
(in millions $)



Thailand:

Spiralling growth

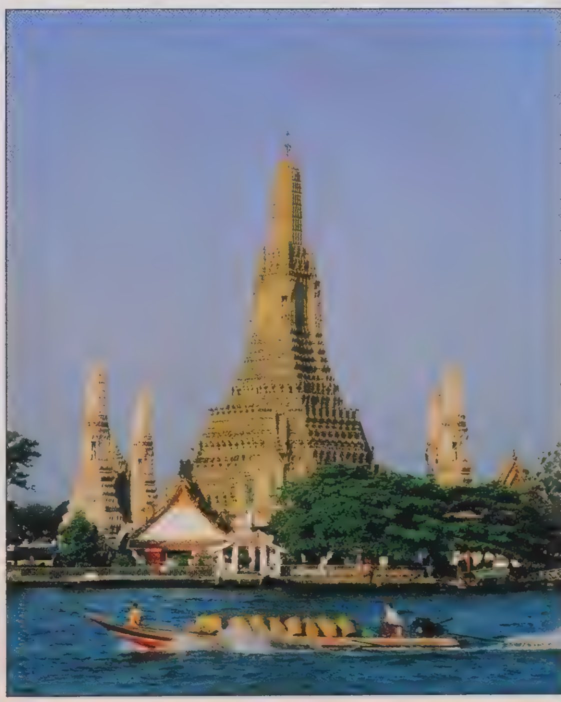


As one of the most flourishing economies in Southeast Asia, Thailand's economy attained dizzying growth rates of between 10 and 12 percent in the late '80s. Even with some levelling, the country's economy is expected to grow by 8 percent in 1993, and the entire country seems poised for more growth.

According to Winney Chow, Account Manager, EDC's Vancouver Office, "Thailand's global trade has nearly quadrupled in the past decade, with the United States, Japan and Singapore accounting for almost one-half of both imports and exports." Imports of manufactured goods, including machinery and manufacturing inputs, have increased dramatically as the country's industrial base has expanded, but imports of consumer goods and luxury items have also risen with incomes.

Canadian goods exported to Thailand in 1992 amounted to Cdn$326 million and included boilers (power sector), asbestos, tin plate, newsprint, wheat, salt, sulphur, wood pulp, petroleum products and plastics. Major equipment and service sales in the power and the pulp and paper sectors continue to be important, and are aided by the strong support of EDC.

Thailand holds several advantages for exporters: a sizable population (some 57 million), an enthusiasm for capitalism, a strategic location at the hub of Asia, a dynamic private sector, a low-cost labour pool, sound macroeconomic management, a credible legal framework, and enticing infrastructural opportunities in fields such as transportation, telecommunications and power development.



COMSTOCK — S. Vidler

The Government of Thailand plans to establish the country as a trade, investment and financial centre for Southeast Asia.

Priority industries

The need for infrastructural capacity is, of course, a priority for the Thai government. It plans to relieve Bangkok's industrial and population congestion by encouraging creation of roads, railways, ports and other infrastructure development outside the city — especially east and south of Bangkok, in the so-called "Eastern Seaboard" bordering the Gulf of Thailand.

Kathryn Nelson, a Financing Services Officer for EDC's South Asia Department, recently visited the Eastern Seaboard and observed the economic development there firsthand.

"The commitment of the Thai government and industry to economic development is substantial," says Nelson. "Factories, shops, warehouses and processing plants are all utilizing the new and expanded roads, railways, inshore and deepwater ports, schools, and hospitals in the area. It comes as no surprise that most of the inquiries EDC has recently received from Canadian companies involve projects in the Eastern Seaboard."

In addition to its focus on infrastructure, the Thai government has targeted six priority industries: agro-industry and food, textile and garment production, electronics, iron and steel, metal-based manufacturing, and petrochemicals. Canada appears to be well-placed to satisfy Thailand's appetite for many of these products and services.

According to Sean Brady, Past-President of the Thai-Canadian Chamber of Commerce, "You're going to see Canadian firms forging ahead here in sectors where they are strong on the domestic front — telecommunications, transportation, the environment, pulp and paper, port development — areas where Canada's own geography has driven us to achieve excellence."

Since exports will be critical to bringing external account deficits to heel, foreign investments in export-oriented sectors may qualify for both fiscal and non-fiscal incentives from Thailand's Board of Investment.

According to the Thai-Canadian Chamber of Commerce 1991 Directory, a total of 16 Canadian companies have invested in or entered into joint ventures with Thai companies. That same year, Canadian investors poured some $30 million into Thailand's economy. An increasing level of Canadian investment will be needed to secure a stronger base on which to build in the future.

Increased sophistication

Through its Seventh National Economic and Social Development Plan, the Government of Thailand plans to establish the country as a trade, investment and financial centre for Southeast Asia.

The Thai government has already taken steps to liberalize the financial sector. Ceilings on interest rates have been abolished, and Thai commercial banks have been brought under the Bank of International Settlement, for three reasons: to align with international banking standards, to improve the allocation of financial resources through domestic savings, and to enhance international competitiveness of the Thai financial sector.

As an indication of the deregulation of its financial markets, the Thai government recently launched the Bangkok International Banking Facility (BIBF), which Thailand hopes will play a pivotal role as a funding

SPECTROCAN

Managing foreign airwaves

The telecommunications sector in Southeast Asia is growing at an annual rate of about 10 percent. One Canadian company that has successfully capitalized on this growth trend is Ottawa-based SPECTROCAN Engineering Inc.

George Taranovsky, Vice-President and General Manager of SPECTROCAN, says the combination of a rapidly developing economy, a solid infrastructure and readily available funds makes Southeast Asia a prime export market.

"To gain an edge in Southeast Asia, exporters must find a product niche," says Taranovsky. "The region is developing so fast, it is a challenge to find a product that they don't already have."

One such product is a spectrum management system. Spectrum management means assigning radio frequencies for a specific use, and monitoring their use to ensure proper application. The demand for radio services has expanded rapidly in recent years, making automated frequency management a necessity for most administrative (e.g., government) bodies. The SPECTROCAN computerized system facilitates the management of the radio frequency spectrum by use of the most advanced information technology available.

Diverse benefits

"Developing countries, such as those in the Asia-Pacific region, are now recognizing the social, economic and industrial benefits that can result from efficiently managing spectrum resources," explains Taranovsky. "This awareness, and the fact that these countries have the funds to invest in sophisticated products, gives us an advantage."

SPECTROCAN's spectrum management system is unique because it offers complete integration of frequency management, including commercial, technical and monitoring systems — something not offered by European and North American competitors. The product is based on a system originally developed by the Canadian Department of Communications, to manage Canada's radio frequency spectrum.

As part of its contract with the Malaysian Department of Telecommunications, SPECTROCAN provided this Spectrum Occupancy Survey Transportable Unit (SOSTU), used to monitor radio frequency.

Canadian expertise

Canada has earned a reputation for effective radio frequency spectrum management technology, having developed a system that meets our own needs: communicating over vast distances, over a range of geographical terrains and features, and in constantly changing climatic conditions.

SPECTROCAN's activity in Southeast Asia includes fulfilling a subcontract to provide an Automated Frequency Management System (AFMS) to the Indonesian Department of Tourism, Posts and Telecommunications (supplying the software, hardware and training). SPECTROCAN has also been awarded contracts by the Malaysian Ministry of Energy, Telecommunications and Posts, and the Telecommunications Authority of Singapore, to provide radio frequency management and monitoring systems.

While Southeast Asia is a land of opportunity, it is not without its risks — and that's where EDC steps in to play a key role. According to Taranovsky, "We wouldn't enter these countries without export credit insurance. EDC has been very effective and efficient in providing this type of insurance for our projects."

Catherine Lynch, Communications Officer

centre in the Indochina region. The BIBF is expected to speed up the integration of the Indochinese economies with other regional economies, and to allow Bangkok to compete with Singapore and Hong Kong as a regional banking centre.

The creation of the BIBF will also allow Thai banks to enjoy substantial tax breaks and lower withholding tax on foreign currency loans. These changes mean lower domestic interest rates, because the BIBF will enable more foreign capital to flow into the country, increasing the liquidity in the money market. In addition, a credit rating agency and an export-import bank have recently been set up in Bangkok, evidence of the sophistication of its financial market.

EDC support

EDC's export credit insurance support for sales on short terms (up to 180 days) has been an important form of assistance for a variety of Canadian exporters. These companies have been able to use EDC's credit insurance to mitigate risks, access working capital and effectively compete in the market. The Corporation's overall experience, in terms of insuring against non-payment due to commercial and political risks, has been good in this market.

Since Thailand has acquired significant production capacity in a variety of industries in recent years, Canadian companies need to establish how they can contribute new technology and/or expertise to the Thai economy.

In 1992, the forestry and asbestos market sectors accounted for 86 percent of EDC's short-term insurance volume. Other goods supported ranged from raw materials to communications cables, industrial machinery (for mining, textiles and furnaces), and telecommunications equipment.

Relatively small sales of Canadian capital goods and services are facilitated by EDC-established lines of credit (LOCs), in the amount of US$25 million, with three banks: Krung Thai Bank, Siam Commercial Bank and Thai Farmers Bank.

EDC is also active in providing long-term export financing for projects in the thermal power and pulp and paper sectors. Canadian exporters and EDC have traditionally been active in the power sector primarily with the Electricity Generating Authority of Thailand (EGAT). Given the strong reputation of Canadian power equipment and expertise in the market and the excellent relationship with EGAT, the future in this sector looks promising.

Similarly, EDC has provided significant financing to buyers in the pulp and paper sector, where domestic capacity is growing markedly. EDC financing support for transactions involving Thai companies such as Panjapol Pulp and Paper and Phoenix Pulp and Paper, in support of Klockner Stadler Hurter and Chemetics International, is notable.

"More and more commercial risk transactions are taking place in Thailand," notes Eric Siegel, EDC's General Manager, Medium Term Insurance. "Understanding the commercial banks and private sector risk, and being in a position to fully assess commercial risk, are key to assisting exporters in this market."

Forging alliances

Since Thailand has acquired significant production capacity in a variety of industries in recent years, Canadian companies need to establish how they can contribute new technology and/or expertise to the Thai economy.

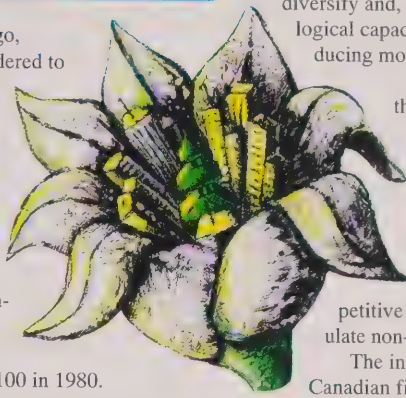
Kathryn Nelson points out that Canadian exporters are unlikely to be successful in charting these waters on their own. "In the new Thai marketplace, gaining a foothold in these sectors may mean taking an equity position, rather than simply bidding on a government project," she says. "It may also mean developing strategic alliances, both with Thai firms and other foreign companies that are well regarded for what they can offer the Thai economy."

At times, Thailand may be an even more complicated marketplace than it has been in the past. And, as always, a long-term view and patience are keys to success. But the magic word — *growth* — should provide exporters with incentive to anticipate the returns to be gained from cracking the Thai market.

Indonesia:

A transformed economy

Twenty-five years ago, Indonesia was considered to be on an economic par with India and Bangladesh. Today, the archipelago — while still a developing country of 180 million people — is a study in economic transformation. GDP per capita is now Cdn$786, up from less than Cdn$100 in 1980.



Official trade statistics show cereals as Canada's top-ranking export to Indonesia (more than tripling from Cdn$45.5 million in 1990 to $152.4 million in 1992), followed by wood pulp, plastics, and boilers, machinery and mechanical appliances.

Indonesia has experienced more than two decades of 6 percent annual GDP growth, and the government is determined to sustain this rate.

"This is a country that needs to create 2.5 million jobs a year to maintain its growth momentum," says Doug Macaulay, a Senior Financing Services Officer for EDC's South Asia Department. "It is also a country quickly running out of its most valuable export resource — oil — so there is pressure to diversify and, again, to upgrade technological capacity in the interest of producing more value-added exports."

In the past two years, the government has tightened the money supply to curb offshore loans, and has tempered the expansion of the banking sector. More productive capacity and Indonesia's strong competitive position continue to stimulate non-oil exports.

The interest in Indonesia among Canadian firms is increasing significantly. The project pipeline EDC is monitoring for this country has been increasing in size and becoming more diversified.

Canadian firms are clearly buoyant about possibilities in Indonesia. However, this is a country in which joint ventures and private sector transactions require careful assessment of business partners.

Indonesia is a challenging market for the newcomer. According to Doug Macaulay, "A company needs street smarts to operate in this country. Business affiliations are key,

D&J Heaton — FIRST LIGHT

Indonesia will begin to offer new opportunities for Canadians in the areas of environmental products and services and investment in the mining industry.

and your representatives must be of the highest calibre."

How EDC can help

EDC's insurance support for Canadian companies exporting to Indonesia on terms of up to 180 days increased 50 percent between 1991 and 1992. Although the two main industries EDC supported were forestry and asbestos, other goods insured included raw materials, communications cables, industrial machinery (for mining, textiles and furnaces) and telecommunications equipment.

Good market sectors for Canadians to target in Indonesia include electric power, communications, engineering, mining and environmental technology.

Indonesia continues to offer Canadians exciting opportunities in traditional market sectors.

According to John Hutchison, EDC's Chief Underwriter, "One of the main messages we have for Canadian exporters is that, as the Indonesian government pulls back and the private sector opens up, we'll see political risks on short-term business being replaced by commercial risks. EDC is responding by devoting more effort to assessing buyer creditworthiness.

While assessing the creditworthiness of private sector firms remains difficult, EDC's experience on short-term transactions has been satisfactory, and proposals will be considered on a case-by-case basis. In the medium/long- term, EDC is prepared to consider further business under its insurance or financing services.

Exciting opportunities

Indonesia continues to offer Canadians exciting opportunities in traditional market sectors such as power, telecommunications, transport, and pulp and paper. The market is also beginning to offer opportunities for Canadians in the areas of environmental products and services and investment in the mining industry.

Canadian firms, together with EDC and other key players, need to keep Indonesia firmly in their sights in the future.

Malaysia:

Strength and stability

Although Malaysia is a relatively small country, with a population of only 19 million, it has a strong economic base. Malaysia boasts a variety of natural resources and higher education levels than many of its neighbours. The political system remains stable, and the country is committed to long-term economic strategies.

From an overall economic standpoint, foreign reserves are comfortable, debt service is low and the short- and medium-term economic prospects are good in Malaysia.

Canada-Malaysia trade figures have see-sawed over the past decade, reflecting upturns and downturns in both countries' economies. Two-way trade between Canada and Malaysia continued to increase in 1992, with Canada's exports to Malaysia totalling $230 million.

"Malaysia is controlled by the central government, and government connections are important, as politicians have maintained a firm grip on the economy," says Marvin Hough, Manager, EDC's South Asia Department.

Although most countries in Asia have ambitious plans for their economic future, few are as candid about their plans as Malaysia. The government's Vision 2020 is a blueprint for the country to become fully developed by the year 2020.

Huge infrastructure projects will continue to be in demand, and as in most of Asia, there has been a shift toward private sector participation. The private sector is also growing strongly outside of infrastructure development. Canadian trade officials have targeted five sectors in Malaysia as good market opportunities:

- Oil/gas products and services: this sector accounts for 16 percent of Malaysian exports, and depleting reserves have spurred exploration, particularly for gas.
- Transport systems and services: one of the country's infrastructural priorities, with opportunities in air, rail and roads.
- Advanced technology: responding to increased demand for sophisticated communications facilities, plant automation and computerized production, and remote sensing equipment; rural communications is a priority development sector.
- Power and energy equipment and services: more use of electricity means greater demand for hydro-electric projects.
- Agricultural and services: Malaysia is a net importer of food, and imports are expected to grow; opportunities include agri-food technology (particularly in agricultural and rural planning), food processing and packaging, and food biotechnology.

Exporters interested in doing business in Malaysia must heed two key factors, according to Hough. "Canadians must be sure to align with a Malaysian representative or private sector firm," he says. "They must also recognize that the government has no intention of giving up its influence over the marketplace; accordingly, business contacts must also be well-connected in government circles."

EDC's supporting role

EDC is well-positioned to provide Canadian exporters with risk management services for exports to Malaysia.

EDC insurance can be instrumental in allowing exporters to offer more generous open account terms, to compete in the

Ken Straiton — FIRST LIGHT

As Malaysia becomes an increasingly sophisticated marketplace, opportunities for Canadian business abound.

market. In addition, EDC's coverage, which protects receivables against non-payment arising from a variety of commercial and political risks, can enhance an exporter's ability to secure working capital through his/her bank.

EDC's short-term insurance protection for Canadian goods exported to Malaysia grew by 58 percent in 1992 over the previous year. Goods covered ranged from newsprint to health care products.

The majority of the insured amounts were accounted for by transactions on 90-day terms.

For transactions usually facilitated with medium- to long-term financing, EDC is actively working with the Malaysian government and banking institutions to promote financing opportunities.

For example, the Corporation is further developing its relationship with the country's state-owned telecommunications company, Telekom Malaysia Berhad, with a view to providing medium- to long-term financing.

"While there is a high degree of liquidity in this market, EDC is prepared to develop innovative, structured financing to support transactions done in Malaysia," says Kathryn Nelson. "We aim to be considered among those alternatives the Malaysian private sector and government will turn to for funding as it takes up expansion plans."

EDC is also helping Canadians reap the benefits of the Malaysian marketplace by providing performance security (bonding) coverage.

"These products not only protect exporters against wrongful calls by their buyers," explains Eric Siegel, "they are also an excellent cash management tool, as EDC's security on the bonding frees up working capital from the exporter's banks for other uses."

As Malaysia becomes an increasingly sophisticated marketplace, opportunities for Canadian business abound. Canadian expertise and the requirements of Malaysian infrastructure are very well matched, particularly in the areas of energy, telecommunications and surface transportation. By collaborating with local business, Canadian companies stand to reap the rewards of Malaysia's progressive economy.

MacDonald Dettwiler

Seeking remote opportunities

The vast geographic area of Southeast Asia, combined with its primarily resource-based economy, has prompted a demand in the region for satellite-based remote sensing.

Remote sensed data assists in land use planning, natural resource development, and environmental monitoring. Ultimately, the growing use of information systems will create an increased demand for new data. This, in turn, will require the launch of an unprecedented number of new earth observation satellites during the next decade.

Growth trend

MacDonald Dettwiler — one of Canada's foremost systems engineering companies — is reaping the benefits of this growth trend, says Robert Wallis, the company's Vice-President of Finance.

"Southeast Asia has been one of our key markets for quite some time, because of its rapid economic development," Wallis explains. Headquartered in Richmond, B.C., the firm provides sophisticated, specialized computer-based systems to governments and government agencies in more than 30 countries.

MacDonald Dettwiler operates in three major markets: geo-information systems, aviation systems, and space and defence systems. As the world leader in geo-information systems, MacDonald Dettwiler has supplied approximately 75 percent of the civilian earth observation ground stations worldwide.

While leading-edge systems and technology are an intrinsic part of MacDonald Dettwiler's success formula, Wallis notes that it is also essential to understand how to operate within a given geographic market —particularly in a rapidly changing region such as Southeast Asia.

"Our company recognizes, for example, that the sales approach differs from country to country within Southeast Asia," he says. "We rely extensively on in-country agents who work with our own sales force to help us take the right approach when dealing in this region.

Currently completing a ground station installation in Indonesia, MacDonald Dettwiler has used a full range of EDC services over the course of the project — from insurance to guarantees — drawing on both private and government funds. "We rely on EDC support for virtually all of our business in Asia — primarily for performance security insurance and performance guarantees," says Wallis.

Breadth of experience

"And we appreciate the breadth of experience that many EDC people can offer," he adds. "Particularly in the early stages of a business transaction, EDC can often provide advice regarding approval processes and key decision makers within the host government."

In recognition of the Indonesia project, the Canadian Exporters' Association and the Canadian International Development Agency honoured MacDonald Dettwiler with the 1993 Canadian Award for Private Sector Contribution to International Development, in the Environment category.

Catherine Lynch
Communications Officer

Present and future generations will benefit from MacDonald Dettwiler's ground station installation in Indonesia, used in land use planning, natural resource development and environmental monitoring.

New approaches

Shifts that occur in the marketplaces of Thailand, Indonesia and Malaysia do not mean that tried and true ways of doing business are going to disappear. It has always been an advantage to have a ground office in these countries, as well as to use local partners or agents who are connected to key decision-makers and who are familiar with the nuances of the culture.

These marketplace shifts will, however, force both Canadian exporters and EDC to band together to come up with creative approaches to new realities. While less government-to-government business and more private sector involvement will mean wider opportunities, they will also mean more risk.

Although credit and financing information is becoming more reliable in these markets (Thailand, Indonesia and Malaysia are now developing internationally recognized credit rating agencies), there will still be many instances in which sound financial credentials will be hard to come by. Efforts to better understand the business culture will be of prime importance for Canadian exporters and EDC.

All Canadian players, in fact, will have to do everything within their power to develop a sound working knowledge of which companies — and which banks —can be relied upon in these markets.

Though not exclusive to private sector deals, working closely with EDC at the early stages of contract negotiations may present ways to mitigate credit and bonding risks.

Tom Kowbel, an EDC Senior Underwriter in Medium Term Insurance, believes EDC can help exporters ease into the Southeast Asian marketplace. "Canadian exporters are hungry for more information about markets in which the Corporation has had experience," says Kowbel.

While less government-to-government business and more private sector involvement will mean wider opportunities, they will also mean more risk.

Many large projects are now being created in the three countries, by consortiums that include foreign private investors and suppliers, state corporations that have been privatized, and commercial banks from the host country. That leads to much more risk than was traditionally involved in projects guaranteed by the government.

According to John Hutchison, "More risk will undoubtedly mean greater efforts to spread the risk around — through reinsurance and parallel insuring, and through putting together loan packages in partnership with other export development agencies, development banks and commercial banks."

The bottom line is simple: Canadian exporters and EDC are interested in targeting Thailand, Indonesia and Malaysia as key export markets, because of their exciting potential for growth. To reap full benefits from Southeast Asia, however, there will have to be growth on the Canadian side as well: a strong on-site presence, more long-term strategies, a deeper understanding of how things work and who the reliable players are, a greater degree of partnership at every conceivable level, and more creative approaches to financing and risk management.

EDC aims to be more flexible in dealing with these new types of situations, enhancing its capabilities to assess private sector and project risk, forming strategic alliances, being there with Canadian exporters much earlier on in the transaction, and helping exporters see the long-range picture, including investment opportunities," Marvin Hough explains. "We have to get together with Canadian exporters and work in tandem with them. That synergy will be an important factor in assuring Canadians success in the Southeast Asian marketplace."

***Financial Services** (with contributions by Barbara Grinfeld, Business Planning Officer and Chris Nhien Quang Nguyen, Financing Services Officer).*

Exporters' guide to Thailand, Indonesia and Malaysia

	Thailand	Indonesia	Malaysia
Population:	57 million	180 million	19 million
GDP per capita:	Cdn$2,216	Cdn$786	Cdn$3,747
Principal imports:	Capital goods (43%)	Machinery/electrical equipment (39%)	Intermediate goods (43%)
Total imports:	Cdn$45.08 billion	Cdn$31.8 billion	Cdn$44.7 billion
Canadian exports:	Cdn$326 million	Cdn$431 million	Cdn$230 million
Canadian market share:	0.7%	1.4%	0.5%
Principal Canadian exports:	Salt and sulfur (15%)	Cereals (35%)	Fertilizers (21%)
Canadian foreign investment:	Cdn$30 million (1991)	Cdn$819 million (1991)	Cdn$113 million (1991)
Total foreign investment:	Cdn$2.4 billion (1991)	Cdn$1.79 billion (1991)	Cdn$4.18 billion (1991)
EDC position, short term:	Good experience. Open without restrictions.	Good experience. Case by case; no discretionary limits.	Good experience. Open without restrictions.
EDC position, medium/long term:	Good experience. Open.	Good experience. Open, subject to overall exposure guideline.	Good experience. Open.
Lines of credit:	Siam Commercial Bank US$25 million Krung Thai Bank US$25 million Thai Farmers Bank US$25 million		
Comments:	Growth expected to be strong. Government hopes to finance current account deficits with foreign investment and foreign bank credits.	Growth in short-term debt may trigger liquidity crises if confidence fails.	New budget aims at encouraging private sector. Imports have increased markedly. Growth expected to remain high.

Contact list for Thailand, Indonesia and Malaysia

Government of Canada

External Affairs and International Trade Canada (EAITC)
Asia Pacific South Trade (PST)
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel.: (613) 996-3667
Fax: (613) 996-4309
Mr. Brian Casey
Deputy Director, ASEAN

Industry, Science and Technology Canada International Trade Centre
4th Floor, Dominion Public Building
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel.: (416) 973-5053
Fax: (416) 973-8161
Mr. Geoff Jones
Trade Commissioner

Trade commissioners

Thailand

Canadian Embassy
The Boonmitr Building
12th Floor
138 Silom Road
Bangkok 10500
Kingdom of Thailand
Tel.: (011-66-2) 237-4126
Fax: (011-66-2) 236-6463
Mr. David Summers
Counsellor (Commercial)

Indonesia

Canadian Embassy
5th Floor, Wisma Metropolitan 1
Jalan Jendral Sudiman KV29
Jakarta 12920, Republic of Indonesia
Tel.: (011-62-21) 510-709
Fax: (011-62-21) 571-2251
Mr. Guill Rishchynski
Counsellor (Commercial)

Malaysia

Canadian High Commission
Plaza MBF, 7th Floor
Jalan Ampang
50450 Kuala Lumpur
Federation of Malaysia
Tel.: (011-60-3) 261-2000
Fax: (011-60-3) 261-3428
Mr. David Mulroney
Counsellor (Commercial)

Trade and business councils

Asia Pacific Region

Asia Pacific Foundation of Canada
65 Queen Street West, Suite 1100
Toronto, Ontario
M5H 2M5
Tel.: (416) 869-0541
Fax: (416) 869-1696
Ms. Bronwyn Best
Programme Director – Ontario

Thailand

Thai-Canadian Chamber of Commerce
19th Floor, CP Tower
313 Silom Road
Bangkok, 10500 Thailand
Tel.: (662) 231-0891
Fax: (662) 231-0893
Ms. Tracy Chmelauskas
Executive Director

Thailand Business Association of Canada
280 Spadina Avenue, 4th Floor
Toronto, Ontario
M5T 2E3
Tel.: (416) 597-8212
Fax: (416) 597-8571
Mr. Mark Deacon
General Manager
(Office also in Bangkok)

Enterprise Thailand Canada
Commerce Court North – 15
Toronto, Ontario
M5L 1A2
Tel.: (416) 861-3786
Fax: (416) 861-3787
Mr. Brian Smith
Director Canada
(Office also in Vancouver)

Indonesia

Canada-Indonesia Business Council
Box 110, 260 Adelaide St. E
Toronto, Ontario
M5A 1N1
Tel.: (416) 366-8490
Fax: (416) 947-1534
Mr. Peter J. Dawes
National Chairman
(Offices also in Vancouver and Calgary)

Malaysia

Enterprise Malaysia Canada
Sussex Centre West Tower,
Suite 1202, 90 Burnhamthorpe Road West
Mississauga, Ontario
L5B 3C3
Tel.: (416) 279-6966
Fax: (416) 279-0137
Mr. Onn Abdullah
Investment Counsellor
(Office also in Vancouver)

Malaysia-Canada Business Council (in Malaysia)
No: 9, Jalan Sejahtera
off Jalan Damai
55000 Kuala Lumpur
Tel.: 03-241-4244
Fax: 03-244-1089
Ms. Shanti Singaram
Executive Assistant

Malaysia-Canada Business Council (in Canada)
Suite 405
595 Howe Street
Vancouver, B.C.
V6C 2T5
Tel.: (604) 682-8941
Fax: (604) 682-2857
Mr. Fred Wuhrer
Director

Canadians doing more export business on riskier credit terms

EDC commissioned Statistics Canada to survey some 10,000 Canadian firms about their export credit practices.

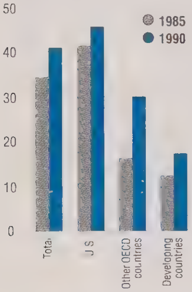
Canadian exporters and their non-affiliated foreign buyers are increasingly doing business using open account and documentary credit terms. This was a key finding of a survey conducted by Statistics Canada for EDC, on export sales made in 1990. All signs indicate that this trend will continue over the next five years or so.

The primary reason behind this finding is that today's competitive global marketplace is forcing exporters to offer more flexible and adaptable credit terms to potential customers.

While the use of open account and documentary credit terms bodes well for the buyer, it puts the exporter at a greater risk of potential loss on his/her foreign receivables. That's where EDC can step in and play a critical role, providing insurance as a way to reduce the risks of non-payment.

The following provides a summary of the survey results. An earlier survey, conducted on export sales made in 1985, provides a means of tracking the changes in Canadian firms' export practices over the past several years.

Chart 1
Exports to affiliated buyers
% total market exports



Changes in practices

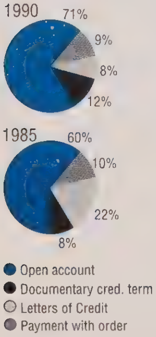
Chart 1 shows that 41 percent of Canadian exporters' total 1990 foreign sales were made to *affiliated* buyers (buyers with which there is inter-company ownership). This compares with 34 percent in 1985. Export sales made to affiliated buyers in Europe represented the highest increase, reflecting the increased integration between Canadian and European businesses in preparation for the single European market.

Chart 2 shows how Canadian exporters' short-term export credit business with *non-affiliated* foreign buyers changed between 1985 and 1990. Over that time period, there was a rise in the proportion of exporters' transactions conducted on the riskier short-term export credit instruments (where the exporter is exposed to the greatest potential of risk of default or non-payment).

These instruments include open account and the various types of documentary collection (cash against documents, documents on payment or sight draft, and various deferred payment terms, including accepted draft or documentary term draft).

On the other hand, there was a marked decline in the share of transactions done on the relatively more secure short-term export credit instruments including payment with order or before shipment and Irrevocable Letters of Credit (ILC) or Confirmed Irrevocable Letters of Credit (CILC).

Chart 2
Short-term export credit with non-affiliated buyers



The lure of credit terms

These trends suggest that exporters, in an increasingly competitive world, have to offer more attractive credit terms to potential customers. In addition, the significant advancements made in the information technology industry have altered buyer-seller relationships, and this has necessitated changes in commercial and credit arrangements.

Nearly 50 percent of Canadians' overall export sales were made on less-secure credit terms with non-affiliated foreign buyers in 1990 — where the exporter is exposed to some potential risk of default or non-payment (see Chart 3). This compares with 45 percent in 1985. The lion's share of export sales in 1990 were made on an open account basis; the remainder included sales on a short-term documentary collection basis.

These results also demonstrate that, relatively speaking, Canadian exporters are predisposed to taking the greatest risks of non-payment with OECD markets, and the least risks with developing countries.

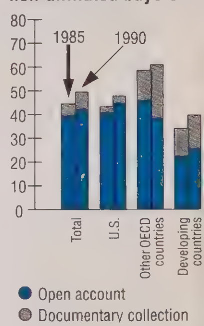
Shift toward riskier credit terms

While a significantly smaller proportion of Canadian sales to developing countries is conducted on an open account basis — in contrast to the United States and the other OECD markets — this is changing. Indeed, the survey shows that the proportion of Canadian exports to developing countries on riskier credit terms showed the largest increase between 1985 and 1990.

These changes reflect a shift from the use of Letters of Credit, to the use of riskier export credit instruments. Among the other OECD markets, however, there was also a shift among the riskier export credit terms used, where the export share sold on an open account basis declined, and the share for the various documentary payment terms increased.

The continuing high prevalence of payment difficulties and bankruptcies in the United States and the other OECD markets presents significant risks to Canadian exporters — particularly those who ship under the riskier export credit terms. EDC insurance can help exporters mitigate their risks.

Chart 3
Exports on less secure credit terms with non-affiliated buyers

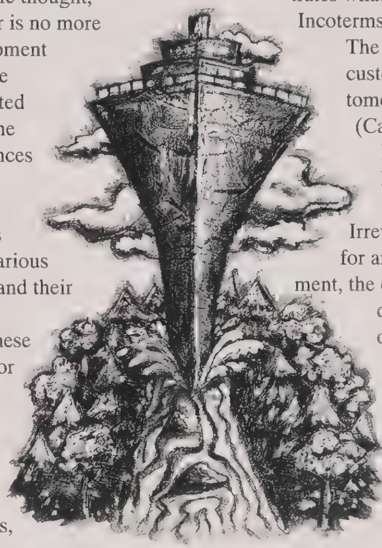


Gerry O'Brien, Economist

Delivering the goods

To avoid misunderstandings between exporters and their customers, the International Chamber of Commerce has developed Incoterms to govern the shipping of products.

Imagine an exporter in Calgary trying to send off goods by boat. An impossible thought, given that the city's largest river is no more than three feet deep! However, shipment by boat were the shipping terms one Calgary exporter inadvertently quoted in his export sales contract — and he could have faced serious consequences for the error.



Dealing with people from different cultural and language groups can lead to misunderstandings in various areas between Canadian exporters and their foreign customers, despite the best intentions of both parties. One of these areas concerns the shipping terms for the product.

To avoid misunderstandings between the two parties, the International Chamber of Commerce has developed a set of international rules, called Incoterms, that govern the shipping of products.

Incoterms are divided into four groups: C,D, E and F.

Group C: Under these terms, the exporter pays for the cost of insurance and freight.

Group D: These terms require the exporter to deliver the goods to the customer at a point outside of Canada.

Group E: Under these terms, the customer picks up the goods at the exporter's premises.

Group F: These terms require the exporter to put the goods on a truck, alongside or on board a ship.

Precise terms

Because Incoterms are laid out very precisely, someone looking at an Incoterms manual in Thailand, for example, will have the same definition for Free Alongside Ship (FAS) as the Canadian exporter. Since Incoterms are periodically revised, it is imperative that you quote in your contract the year in which the last Incoterms were drafted (e.g., 1990 Incoterms).

The case of the Calgary-based exporter illustrates what can happen when the wrong Incoterms are quoted in an export sales contract. The exporter, who was selling goods to a customer based in Mexico, quoted the customer terms of Free On Board (FOB) (Calgary). Under 1990 Incoterms, the FOB terms meant that the goods would have had to be picked up by ship.

If payment was made by Irrevocable Letter of Credit (ILC), calling for an on-board bill of lading to trigger payment, the exporter would be unable to draw down on that ILC. This is because no on-board bill of lading can be issued in Calgary. The appropriate Incoterm for this situation would be Free Carrier (FCA).

In another case, a company that recently started exporting contacted EDC's Vancouver Office for information about our export credit insurance. The exporter anticipated a potential sale to a company in Thailand, and said he would be paid when the goods reached the receiving dock.

We recommended to the exporter that he contact his freight forwarder to obtain the correct Incoterms for that particular method of delivery. When we next spoke with the exporter, we discovered he had now included in his contract the Incoterm Free Alongside Ship (FAS) (Vancouver).

These examples illustrate that the simple inclusion of the correct Incoterm in your contract can save you time and money. To obtain further information on Incoterms, contact your local Chamber of Commerce or the Canadian Council for International Business in Ottawa at 50 O'Connor Street, Suite 1011, Ottawa, Ontario, Canada, K1P 6L2, Tel.: (613) 230-5462. Fax: (613) 230-7087.

Ray Johnson
Account Manager, Vancouver Office

FAS

FOB

FCA

Lines of credit and protocols

EDC has four types of export financing facilities which it can establish with foreign banks or institutions. Each is designed to make it possible for foreign buyers to purchase Canadian goods and services on credit. And in each case, EDC pays the Canadian exporter on the borrower's behalf, once the terms of the export contract have been satisfied.

Lines of credit are a streamlined form of export financing by which EDC lends money to a foreign bank or institution, which then relends necessary funds to foreign purchasers of Canadian goods or services. Interest rates, repayment terms and other details are prearranged between EDC and the foreign borrower, which speed up turnaround times.

EDC currently has 40 lines of credit, providing easy access to export financing for buyers in 20 countries.

As well, EDC can establish buyer credit and/or supplier credit facilities for buyers in many more countries than those listed below.

A **Buyer Credit** is an export financing facility established between EDC and a foreign institution, through which the foreign institution can guarantee EDC export loans to buyers of Canadian goods and services in that country. EDC and the foreign institution preset the total value of Canadian exports that can be guaranteed. This, in turn, enables the two parties to prearrange many of the terms and conditions by which the foreign institution can guarantee individual transactions.

A **Supplier Credit** is an export financing facility established between EDC and a foreign institution. Here, the foreign institution guarantees the promissory notes (IOUs) issued to Canadian exporters as payment by their foreign buyers, which EDC then purchases from the Canadian exporter.

EDC can also establish **Protocols** (relationship agreements) with foreign institutions.

If you have any questions about how EDC export financing can help you close a deal abroad, contact the Regional Office nearest you (check the contact list at the back).

CATEGORIES

Overseas Area Code = 011

1) **Borrower**
2) **Funds remaining as of July 31, 1993**
3) **Repayment terms**
4) **Buyer's contact with borrower**
5) **Borrower's North American representative**

Lines of credit

MEXICO & SOUTH AMERICA

EDC Contact for Mexico: Sherry Noble, Manager
EDC Contact for South America: Patrice Duval, Manager

Argentina

1) **Banco de Galicia y Buenos Aires**
2) US$10 million
3) 3, 5 or 7 years
4) Ms. Virginia Garcia Zavalia
International Department
Tel.: 54-1-394-7942/7080/7291
Fax: 54-1-393-1603

1) **Banco Rio de la Plata S.A.**
2) US$10 million
3) 3, 5 or 7 years
4) Mr. Enrique F. Waterhouse
International Department
Tel.: 54-1-331-7551/5444
Fax: 54-1-342-8962

Bolivia, Colombia, Ecuador, Peru, Venezuela

1) **Corporación Andina de Fomento**
2) US$16.4 million
3) 3 to 8 years
4) Ms. Maria Soledad Barrera A.,
Funding (Caracas, Venezuela)
Tel.: 58-2-209-2111
Fax: 58-2-284-2563

Chile

1) **Banco O'Higgins**
2) US$10 million
3) 2 to 8 years
4) Mr. Fernando Burgos C.
Head, International Division
Tel.: 56-2-672-4090
Fax: 56-2-671-7152

1) **Banco Sud Americano**
2) US$10 million
3) 2 to 8 years
4) Mr. Joaquin Lagos G.
Manager, International Division
Tel.: 54-1-692-6500
Fax: 54-1-692-6570

Colombia

1) **Banco Cafetero (under review)**
2) US$5 million
3) 3 to 8 years
4) Mr. Fabio Ferreira Rueda
Manager, International
Tel.: 57-1-282-7742
Fax: 57-1-283-5207

1) **Banco Unión Colombiano (under review)**
2) US$3 million
3) 3 to 7 years
4) Mr. Richard Fuller, Vice-President
Tel.: 57-1-312-0043
Fax: 57-1-312-0843

1) **Ecopetrol**
2) US$10 million
3) 3 to 8 years
4) Ms. Diana Espinosa P., Loan Department
Tel.: 57-1-288-3556
Fax: 57-1-288-6440

1) **Instituto de Fomento Industrial**
2) US$10 million
3) 3 to 8 years
4) Mr. Ricardo Rodríguez Beltrán,
Vice-President, Commercial
Tel.: 57-1-283-8673
Fax: 57-1-283-8553

Mexico

1) **Banca Serfin, S.A.**
2) US$11.2 million
3) up to 8 years
4) Mr. Oscar Adad Rosas, Vice President
International Division
Tel.: 525-709-7644
Fax: 525-518-4529
5) Mr. Ramón Diez-Canedo, Representative
Tel.: 416-360-8900

1) **Banco del Atlántico, S.A.**
2) US$10 million
3) up to 8 years
4) Mr. Heberto Limas, Vice-President
Correspondent Banking
Tel.: 525-544-5460
Fax: 525-689-5790

1) **Banco Internacional, S.A.**
2) US$4.3 million
3) up to 8 years
4) Mr. Jorge A. Salinas Nilson
Senior Vice President, Foreign Trade
Tel.: 525-721-2630
Fax: 525-566-2402

1) **Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT)**
2) US$12.9 million
3) up to 8 years
4) Mr. Miguel Angel Burelo, Vice-President
International Banking
Tel.: 525-327-6075
Fax: 525-327-6076

1) **Banco Nacional de México, S.A. (BANAMEX)**
2) US$11.1 million
3) up to 8 years
4) Mr. Alfredo Soto, Senior Vice President
Import Financing Division
Tel.: 525-225-6005
Fax: 525-225-4451
5) Karin Ruggeberg, Representative
Tel.: 416-368-1399
Fax: 416-367-2543

1) **Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS)**
2) US$9 million
3) up to 8 years
4) Mr. Ruben Dominguez Solis, Manager of International Banking Operations
Tel.: 525-583-1275
Fax: 525-583-5189

1) **Bancomer, S.A.**
2) US$19.7 million
3) up to 8 years
4) Ms. Cecilia Sáenz y Sáenz, Vice-President
Import Financing
Tel.: 525-621-3409
Fax: 525-621-3246/3230

1) **Comisión Federal de Electricidad (CFE)**
2) US$30 million
3) up to 8 years
4) Mr. Alberto Castelazo, General Manager
Finance Division
Tel.: 525-553-6448
Fax: 525-553-6538

1) **Multibanco Comermex, S.A.**
2) US$10 million
3) up to 8 years
4) Ms. Cynthia Cuevas, International Division
Tel.: 525-395-5176
Fax: 525-202-5264

1) **Nacional Financiera, S.N.C.**
2) US$28 million
3) up to 8 years
4) Mr. José Luis Orencio, Manager
Bilateral Financing
Tel.: 525-325-7022
Fax: 525-661-2793

1) **Petróleos Mexicanos (PEMEX)**
2) US$16.5 million
3) up to 8 years
4) Mr. Eduardo Ito Sugiyama, Deputy Manager
International Finance
Tel.: 525-250-6478
Fax: 525-254-4955

1) **Petróleos Mexicanos (PEMEX)**
2) US$489.9 million
3) 10 years
4) Mr. Eduardo Ito Sugiyama
International Finance
Tel.: 525-250-6478
Fax: 525-254-4955

1) **Teléfonos de Mexico S.A. de C.V. (TELMEX)**
2) US$58.7 million
3) up to 10 years
4) Mr. Gustavo Léon Méndez, Treasury
Tel.: 525-222-1153
Fax: 525-203-5972

Venezuela

1) **Banco Provincial S.A.I.C.A.**
2) US$10 million
3) 2 to 8 years
4) Ms. Elenora Silva, Area Internacional
Tel.: 58-2-501-4490
Fax: 58-2-574-2479

1) **Bariven S.A.**
2) US$50 million
3) 2 to 8.5 years
4) Mr. Robert La Grange, PDVSA Services Inc.
Representative (Houston Office)
Tel.: 713-531-0004
Fax: 713-588-6290

1) **Banco Mercantil C.A. S.A.C.A. S.A.I.C.A.**
2) US$10 million
3) 2 to 8 years
4) Mr. John Fern, Manager, External Business
Tel.: 58-2-507-1137
Fax: 58-2-507-1191

USA & CARIBBEAN

EDC Contact: Ken Hamp, Manager

Trinidad and Tobago

1) **Central Bank of Trinidad and Tobago**
2) US$15 million
3) up to 8.5 years
4) Mr. Nigel Crichton, Operations Officer, Foreign Exchange and Investment Department
Tel.: 809-625-4835
Fax: 809-627-4696

NORTH EUROPE

EDC Contact: Peter Hepburn, Manager

Czech Republic

1) **Ceskoslovenska Obchodni Banka, A.S.**
2) Cdn$12.3 million
3) up to 8.5 years
4) Mr. Jaroslava Sindelarova, Area Manager
Tel.: 42-2-232-1889
Fax: 42-2-231-1478

SOUTH EUROPE

EDC Contact: Allan Roberts, Manager

Hungary

1) **Hungarian National Bank**
2) Cdn$15 million
3) up to 8.5 years
4) Mr. Laszló Urban, General Manager
International Capital Markets
Tel.: 36-1-153-3535
Fax: 36-1-153-1058
5) National Bank of Hungary, Representative
Tel.: 212-969-9270
Telex: 238180

Romania

1) **Banca Romana de Comert Exterior S.A. Buchresti**
2) US$6.5 million
3) 8.5 years
4) Mr. Marius Vieru, Area Manager
Foreign Credits Correspondent
Banking Department
Tel.: 40-0-149947
Fax: 40-0-141598

AFRICA & MIDDLE EAST

EDC Contact: Didier Delahousse, Manager

Algeria

1) **Banque Algérienne de Développement**
2) US equivalent of Cdn.$150 million
3) 3 to 10 years
4) Mr. Mohammed Alilat
   Tel.: 213-2-73-89-50

1) **SONATRACH**
2) US$95.1 million
3) 2 to 10 years
4) Mr. Mohammed Alili, Director, Financing
   Tel.: 60-70-00/60-80-11
   Telex: 62-115/104

Israel

1) **Bank Hapoalim B.M.**
2) US$10 million
3) 3, 5 or 7 years
4) Ms. Tovi Shpayer, Vice-President
   Foreign Trade Department
   Tel.: 972-3-567-3430
   Fax: 972-3-567-4548
5) Mr. Yehoshua Flam, Representative
   Tel.: 514-935-1128
   Telex: 5267448

1) **Bank Leumi Le-Israel B.M.**
2) US$10 million
3) 3, 5, or 7 years
4) Ms. Miriam Salzman, Assistant Manager
   Tel.: 972-3-514-8630
   Fax: 972-3-664-496
5) Mr. Menachem Inbar, President
   & CEO Representative
   Tel.: 416-789-3392
   Fax: 416-785-9398

1) **United Mizrahi Bank Limited**
2) US$10 million
3) 3, 5 or 7 years
4) Mr. Chana Shefer
   Tel.: 972-3-629453
   Fax: 972-3-567-9028
5) Mr. Schmuel Messenberg
   Senior Executive Vice-President
   UMB Bank & Trust Co., Representative
   Tel.: 212-541-8070

Kuwait

1) **Ministry of Finance, State of Kuwait**
2) US$500 million
3) 5 or 8.5 years
4) Mr. Abdulla Al-Fuwaires, Acting Director
   Kuwait Investment Authority
   Tel: 965-243-9595
   Fax: 965-240-7617

Tunisia

1) **Republic of Tunisia, Ministry of Plan**
2) US$35.3 million (to be renewed shortly)
3) up to 10 years
4) Mr. Abdelhamid Bouhaouala, Director
   International Cooperation, Ministry of Plan
   Place de la Monnaie
   Tel.: 216-1-650-634
   Fax: 216-1-3516666

PACIFIC & NORTH ASIA

EDC Contact: Tom Macdonald, Manager

China, People's Republic of

1) **Bank of China**
2) Approximately Cdn$1.5 billion or its equivalent in US or other acceptable foreign currencies*
3) up to 10 years
4) Mr. Gu Rubai, General Manager
   Second Credit Department
   Tel.: 86-1-601-6688
   Telex: 22254 BCHO CN
5) Mr. Zhang Yang, Representative
   Tel.: 416-362-2991

* Concessional financing terms may also be considered by the Government of Canada through EDC. These funds are limited and special criteria apply.

SOUTH ASIA

EDC Contact: Marvin Hough, Manager

Thailand

1) **Krung Thai Bank**
2) US$25 million
3) up to 10 years
4) Ms. Salisa Nimsomboon
   Marketing and International Business
   Development Division
   Tel.: 66-2-254-9593
   Fax: 66-2-255-9391

1) **Siam Commercial Bank**
2) US$25 million
3) up to 10 years
4) Mr. Supot Nakareseisoon
   Chief, Credit Analysis Unit
   Tel.: 66-2-256-1304
   Fax: 66-2-253-6697

1) **Thai Farmers Bank**
2) US$25 million
3) up to 10 years
4) Mr. Pornlert Lattanan, Senior Vice President
   International Banking Department
   Tel.: 66-2-271-4772
   Fax: 66-2-273-2229

Protocols

Note: A protocol is a relationship *agreement* between EDC and a foreign institution. It establishes the basis for specific financing documentation to be set up, facilitating trade.

Belgium

1) **Générale de Banque**
2) Cdn$10 million
3) up to 5 years
4) Mr. Paul Jacques, Head
   Trade Finance Group
   Tel.: 32-2-516-21-11
   Fax: 32-2-516-23-98

* Supplier Credit Protocol

Italy

1) **Banca Nazionale Del Lavoro**
2) US$10 million
3) 2, 3 or 5 years
4) Mr. Giovanni Rosa
   Tel.: 39-6-4702-7468
   Fax: 39-6-4702-0550
5) Mr. William Galbraith, Vice President
   International Banking, Representative
   Tel.: 416-365-7777
   Fax: 416-365-0849

* Supplier Credit Protocol

Portugal

1) **Banco Português do Atlântico**
2) US$4.7 million
3) 2, 3, 5 or 7 years
4) Ms. Maria Helena Allen Valenoa, Area
   Manager Americas International Division
   Tel.: 351-1-3461321
   Fax: 351-1-3475315
5) Mr. Silippo Valli, Vice President
   Representative
   Tel.: 212-306-7800
   Fax: 212-766-8047

EDC Customer Contact List

SALES & MARKETING — Peter Foran, Vice-President, Tel.: 598-2515

WESTERN REGION
Glen Hammond, Vice-President

VANCOUVER OFFICE
Suite 1030
505 Burrard Street
Vancouver, B.C.
V7X 1M5
Tel.: (604) 666-6234
Fax: (604) 666-7550

WINNIPEG OFFICE
8th Floor
330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4
Tel.: (204) 983-5114
Fax: (204) 983-2187
DOUG GYLES
Manager

CALGARY OFFICE
Suite 1030
510-5th Street S.W.
Calgary, Alberta
T2P 3S2
Tel.: (403) 292-6898
Fax: (403) 292-6902
BRUCE STANTON
Manager

ONTARIO REGION
Rolfe Cooke, Vice-President

TORONTO OFFICE
Suite 810
150 York Street
P.O. Box 810
Toronto, Ontario
M5H 3S5
Tel.: (416) 973-6211
Fax: (416) 862-1267
RICHARD McCORKINDALE
Manager

OTTAWA OFFICE
151 O'Connor Street
Ottawa, Canada
K1A 1K3
Tel.: (613) 598-2992
Fax: (613) 237-2690
HOWARD McCOURT
District Manager

LONDON OFFICE
Suite 1512
148 Fullarton Street
London, Ontario
N6A 5P3
Tel.: (519) 645-5828
Fax: (519) 645-5580
JAN DVORAK
District Manager

QUEBEC & ATLANTIC REGION
Toby Price, Vice-President

MONTREAL OFFICE
Suite 4520
800 Victoria Square
P.O. Box 124
Tour de la Bourse
Postal Station
Montreal, Quebec
H4Z 1C3
Tel.: (514) 283-3013
Fax: (514) 878-9891
JACQUES LACASSE
Manager

HALIFAX OFFICE
Purdy's Wharf Tower II
Suite 1410
1969 Upper Water Street
Halifax, Nova Scotia
B3J 3R7
Tel.: (902) 429-0426
Fax: (902) 423-0881
STEPHEN DEMPSEY
Manager

INSURANCE SERVICES — Ian Gillespie, Vice-President, Tel.: 598-2950

Eric Siegel, General Manager, Medium Term, Tel.: 598-2819

SHORT TERM INSURANCE
John Hutchison
Chief Underwriter
Tel.: 598-2737

ONTARIO & WEST
Keith Milloy
Manager
Tel.: 598-2810

QUÉBEC & ATLANTIC
Gerry Bourbonnais
Manager
Tel.: 598-2826

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Peter Cowan
Manager
Tel.: 598-2961

WESTERN REGION
Ken Dunn
Manager
Tel.: 598-2922

EASTERN REGION
Jean Cardyn
Manager
Tel.: 598-2926

FOREIGN INVESTMENT INSURANCE
Dave Bailey
Manager
Tel.: 598-2841

FINANCING SERVICES

AFRICA, MIDDLE EAST & EUROPE
Henri Souquières
General Manager
Tel.: 598-2711

AFRICA & MIDDLE EAST
Didier Delahousse
Manager
Tel.: 598-2756

NORTH EUROPE
Peter Hepburn
Manager
Tel.: 598-2846

SOUTH EUROPE
Allan Roberts
Manager
Tel.: 598-2748

THE AMERICAS
Jim Brockbank
General Manager
Tel.: 598-2853

MEXICO, CENTRAL AMERICA & VENEZUELA
Sherry Noble
Manager
Tel.: 598-2804

SOUTH AMERICA
Patrice Duval
Manager
Tel.: 598-2798

USA & CARIBBEAN
Ken Hamp
Manager
Tel.: 598-2831

ASIA & PACIFIC
June Domokos
General Manager
Tel.: 598-2956

PACIFIC/NORTH ASIA
Tom Macdonald
Manager
Tel.: 598-2747

SOUTH ASIA
Marvin Hough
Manager
Tel.: 598-2895

OPERATIONS SERVICES — Don Curtis, Vice-President, Tel.: 598-2829

BUSINESS APPLICATIONS & PROJECT FINANCE
John Balint
Manager
Tel.: 598-2802

INDUSTRIAL ADVISORY SERVICES
Mike Scully
Manager
Tel.: 598-2937

CLAIMS & RECOVERIES

Manager
Tel.: 598-2741

LOANS ADMINISTRATION

Harry Kaunisviita
Manager
Tel.: 598-2943

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PAUL LABBÉ
President and Chief Executive Officer

MARTIN BAKKER
Senior Vice-President,
Finance and Chief Financial Officer

BILL MUSGROVE
Vice-President,
Corporate Services

ROGER PRUNEAU
Senior Vice-President,
Financial Services

GILLES ROSS
Senior Vice-President,
Legal Services and Secretary

BOB VAN ADEL
Senior Vice-President,
Financial Services

Export Development Corporation — 151 O'Connor Street, Ottawa, Canada K1A 1K3
Tel.: (613) 598-2500 Telex: 053-4136 Fax: (613) 237-2690

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